

FEATURE ISSUE

HOUSE REPUBLICAN CONFERENCE
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December Jobs Report: [Facts You Need to Know](#) | [Why Does a "Pro-Growth" Agenda Matter?](#)

Policy Feature Issue: December Jobs Report

Last week, the Bureau of Labor Statistics (BLS) released its December monthly jobs report. Nonfarm payroll employment increased by 74,000, and the unemployment rate decreased to 6.7 percent.¹ However, Labor Force Participation once again dropped to its lowest levels since the Carter Administration (in 1978), as 347,000 Americans dropped out of the workforce. As was the pattern throughout 2013, the president's economic recovery continues to fail, with millions of Americans still unemployed, and millions who have just stopped working.

Facts You Need to Know:

- The unemployment rate decreased in December from 7.0 percent to 6.7 percent.² The number of unemployed persons decreased by 490,000 in December.³ Though the unemployment rate stands at 6.7 percent this month, this metric is misleading. The U-6 unemployment rate, a comprehensive measure of labor underutilization that takes into account persons marginally attached to the labor force as well as persons who would like to be employed full time but can only find part-time work, is 13.1 percent.⁴
- Long-term unemployment (those unemployed for more than 27 weeks) decreased to 3.87 million in the month of November.⁵ However, much of this can be attributed to those individuals dropping out of the workforce.
- The [Labor Force Participation Rate \(LFPR\)](#), which identifies the number of people who are active participants in the labor force (those who are employed and those who are unemployed but actively seeking work, relative to the total population), decreased to 62.8 percent in December from 63.0 percent in November.⁶ In October and December, the LFPR dropped to its lowest level since March 1978.⁷
- The [Employment-Population Ratio](#), a metric that establishes the raw employment rate, remained unchanged at 58.6 percent in December.⁸ The employment population ratio remains 2.0 percent

¹ <http://www.bls.gov/news.release/empsit.nr0.htm>

² <http://www.bls.gov/news.release/pdf/empsit.pdf>

³ <http://www.bls.gov/news.release/empsit.a.htm>

⁴ According to the BLS, "Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule." See: <http://www.bls.gov/news.release/empsit.t15.htm>

⁵ <http://www.bls.gov/news.release/empsit.t12.htm>

⁶ <http://data.bls.gov/timeseries/LNS11300000>

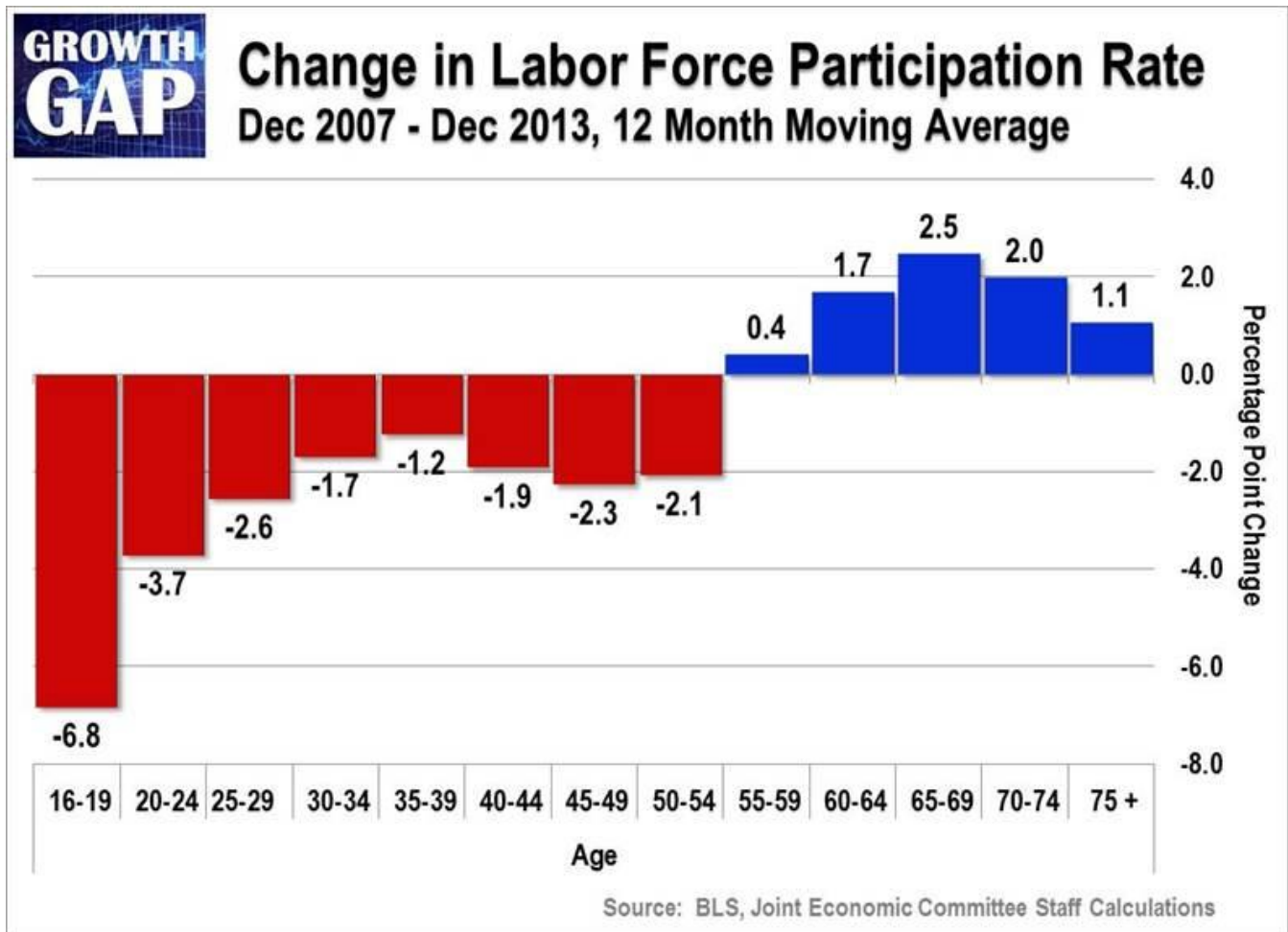
⁷ BLS, *Historical Tables*, Labor Force Participation Rate

⁸ <http://data.bls.gov/timeseries/LNS12300000>

lower than it was when President Obama took office.⁹

Why Does a “Pro-Growth” Agenda Matter?

- Labor force participation decreased by 0.2 percent in the month of December.¹⁰ The LFPR reached its lowest rate since 1978 for the second time in 2013. In fact, labor force participation has yet to rise to pre-Obama Administration levels in the last five years, when the LFPR stood at 65.8 percent.¹¹



- Some economists argue that the decline in labor force participation is the result of retiring baby boomers. However, according to calculations from the Joint Economic Committee (JEC), labor force participation among aged 55 or older has actually increased since the beginning of the recession. The combination of baby boomers working longer and a decline in labor force participation among younger people suggests that the poor job market and slow economic recovery are primarily responsible for the drop in labor force participation.
- Moreover, the number of working age Americans who are not participating in the labor force stood at 91.81 million people in December, an increase of 2.94 million since December, 2012, and an increase of 525,000 since November.¹² While factors such as the retirement of the baby boomers and an increase in secondary school enrollment has led an increase in the number of

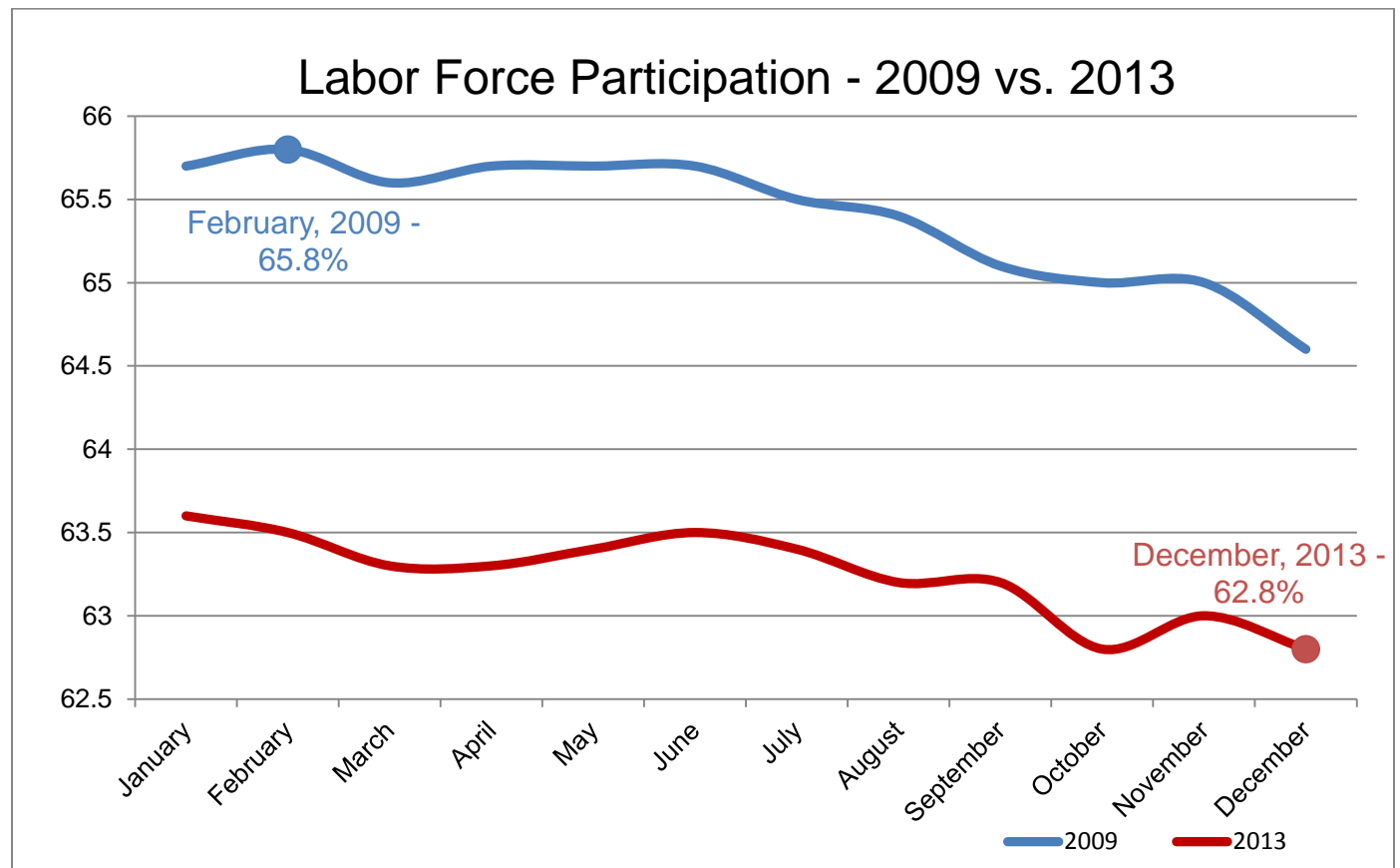
⁹ <http://data.bls.gov/timeseries/LNS12300000>

¹⁰ <http://www.bls.gov/news.release/empsit.a.htm>

¹¹ <http://www.bls.gov/news.release/empsit.a.htm>

¹² <http://www.bls.gov/news.release/empsit.a.htm>

people not in the labor force, the overall sluggish rate of economic growth and job creation has discouraged millions of Americans from entering the labor force.



Source: Bureau of Labor Statistics

- Finally, an employment population ratio of 58.6 percent reflects the reluctance of Americans to reenter the workforce, believing that they are better off without a job. A higher employment-population ratio, facilitated by a pro-growth agenda, strengthens GDP per capita, leading to improvements in consumer spending, and greater growth.
- Americans deserve better than a weak recovery that is struggling to create jobs and grow the economy.